



# DFARS Transformati on

Presented to:

**Institute for Defense and Government Advancement  
Defense Acquisition 2004**

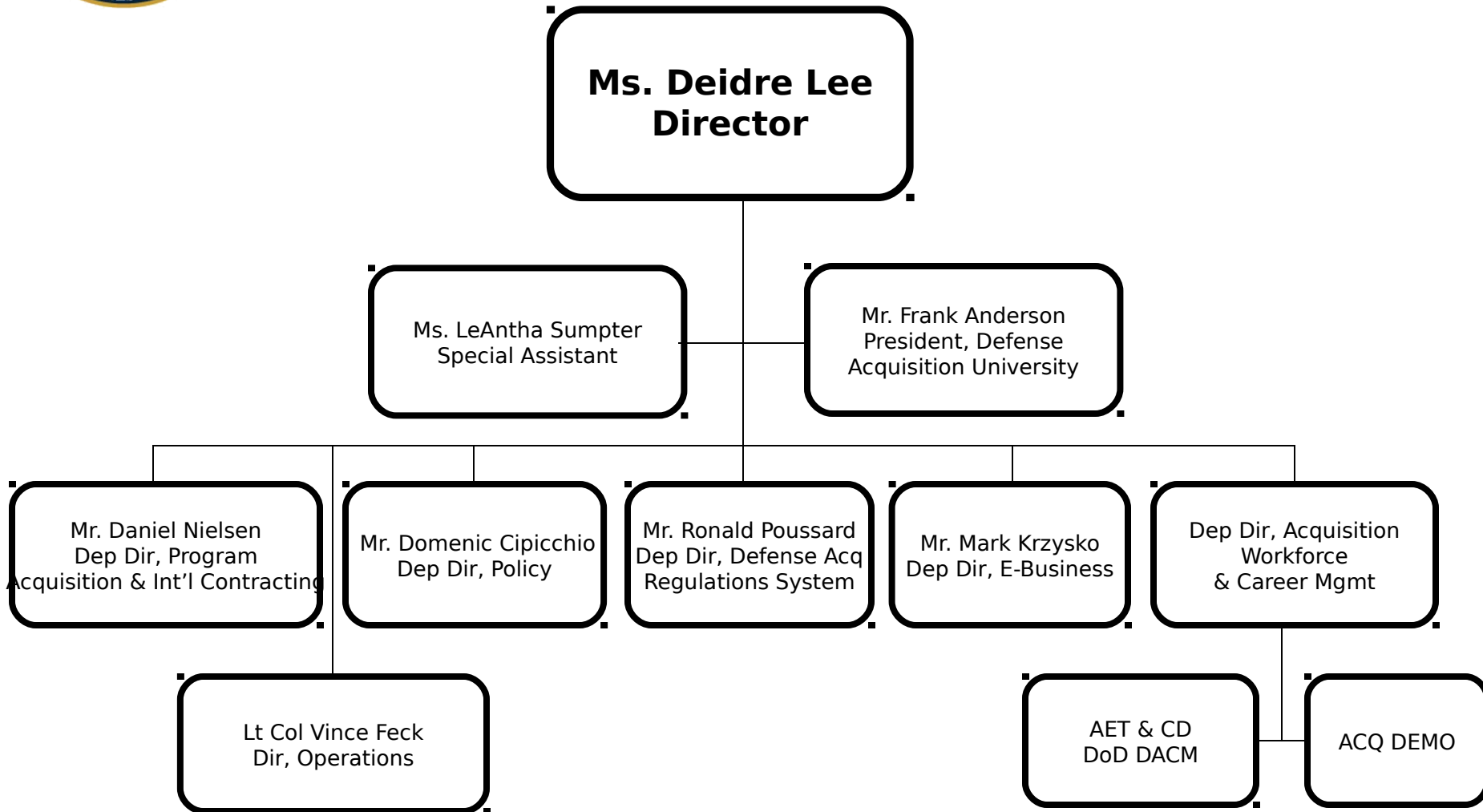
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**Jan 27, 2004**





# ***Defense Procurement & Acquisition Policy***





# ***Defense Procurement & Acquisition Policy***

## **Vision:**

**Lead Defense Acquisition to Meet  
DoD's Needs With Excellence  
Every Time**

## **Mission:**

**Develop, promote, and champion  
innovative Defense policies and  
processes for acquiring all the goods  
and services DoD requires to perform  
its mission.**



# ***Overview***

- Background
- Results
- Process Change
- Technology Insertion
- DFARS Cases of Interest



# ***Today's DFARS***

- Important to sound business relationships
  - Supports ~ \$140 B in contract obligations per FY
  - \$2.4 Trillion in obligations since publication
- On-line - DFARS is not available in paper
  - Eliminated 40,000 paper copies + 160,000 copies of changes per year
- Service FAR supplements are shrinking
  - Greater focus on program execution
  - Greater need flexibility to meet unique missions
- Rule-making/policy resources are strained
  - Cumbersome committee process (28 committees)
  - Outdated/inefficient technology

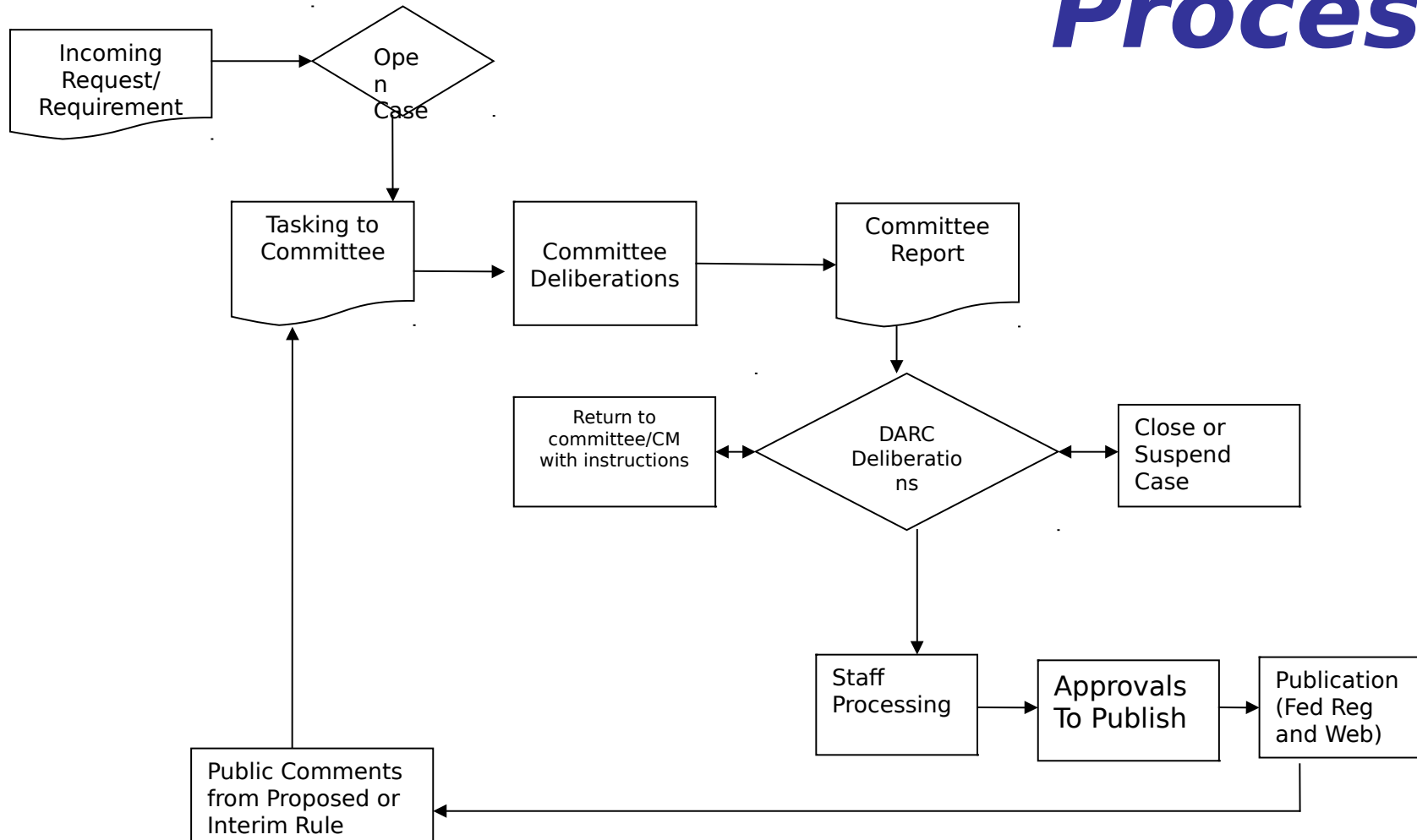


# ***DFARS Challenges***

- **Resource intensive**
  - 300 plus people support the FAR/DFARS creation
    - 28 committees (24 led by DoD)
  - Paper-based processes
  - Many agencies involved - can hinder efficiency
- **Time consuming**
  - Idea to reality: 14 month average for FAR changes, 11 months for DFARS
- **Difficult to participate in the rule process**
- **Blurred distinction between true “regulation” (what to do) and “guidance” (how to do it)**



# Current DFARS Process





# ***DoD Direction***

- **Conduct a comprehensive review and transformation of the FAR and DFARS**
  - **Reduce DFARS by 40%**
- **Include operational proceedings used to revise and implement the DFARS**

## **Fits within OSD Goals and Priorities**

- ✓ Improve credibility and effectiveness of
- ✓ acquisition and logistics support process
- Enhance higher priority activities and improve
- ✓ responsiveness and efficiency
- Shorten DoD processes by 50%





# Goal

- Dramatically improve DoD acquisition regulation process
  - **Responsiveness:** Cut process time in half or better
  - **Manpower:** Reduce dedicated manpower requirements
  - **Transparency:** Open communication with acquisition workforce and industry
  - **Knowledge:** Create user-friendly tool for real-time research, analysis and management of data
  - **E-Rulemaking:** Model an approach to early collaboration in the rule-making process

*Create a responsive tool so acquisition teams can build successful contracts and business relationships every time*



# *Objectives*

## **Value-based approach**

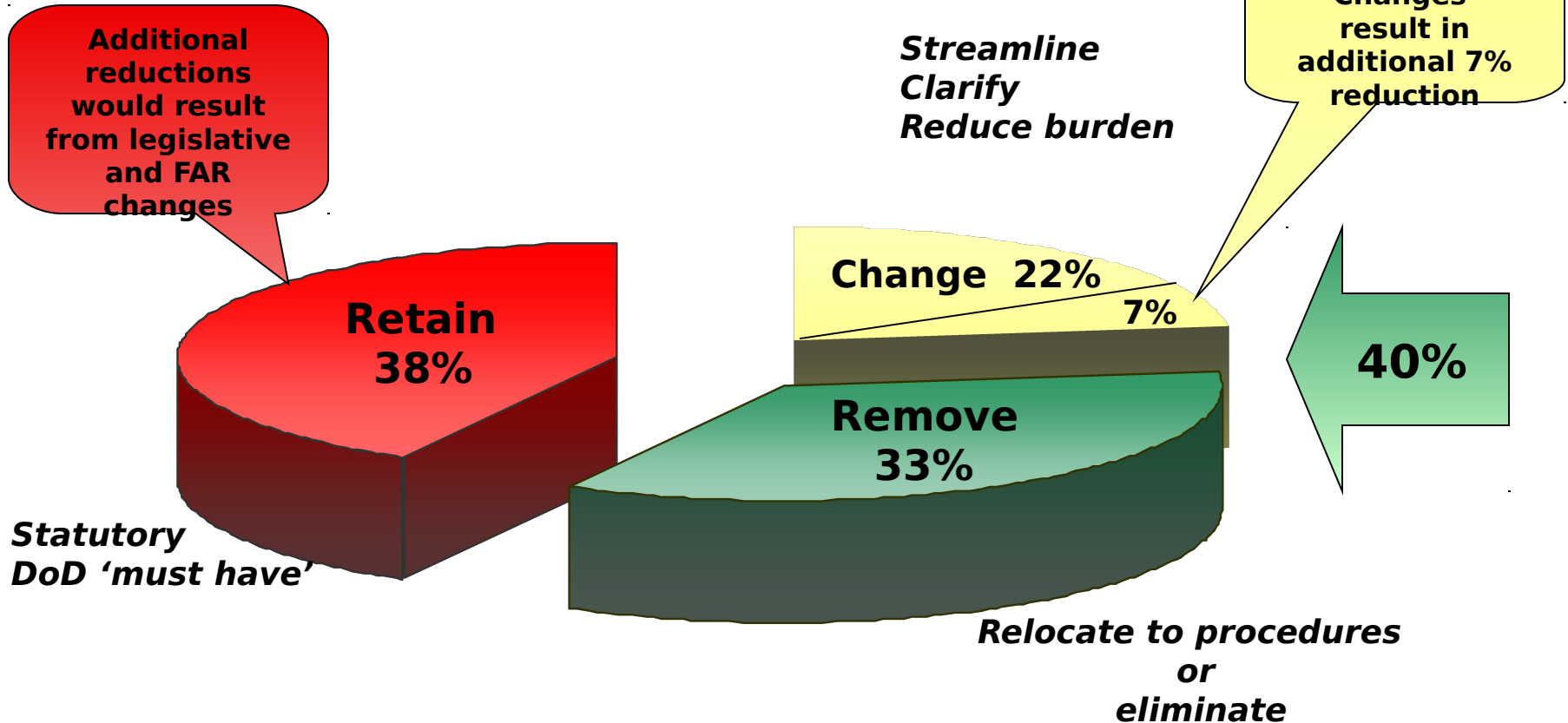
- Identify opportunities and potential for improvement
  - Policy, process, procedure, authority
- Identify opportunities to reduce regulatory requirements
  - Recast the purpose, process and content of the DFARS

## **Focus on opportunities with measurable benefit**

- Strengthen procurement process, reduce cost, cycle time, administrative burden, foster innovation
- Increase effectiveness



# Results\*



- \* Based on estimated word reductions
- \* Requires full implementation of all proposals



# ***A New DFARS***

## **DFARS, the Regulation --**

- Clear requirements & procedures of law
- Mandatory DoD-wide policy
- Deviations from FAR
- Flexible decision processes



# ***Procedures, Guidance and Information***

- **PROPOSAL:** Relocate and link to “PGI”
  - Internal guidance, instructions, and procedures (both optional and mandatory)
  - No significant impact on public
  - Not a codified federal regulation
  - Fundamental approach to meet AT&L objectives
- **VALUE:**
  - Fosters an environment of flexibility and innovation
  - Shortens DAR Council and rule-making processes
  - Supports rapid change process
- **APPROACH:** Develop clear objectives
  - Managed content (DARC direction and processes)
  - Seamless access (Web based)
  - Demonstrate alternative technical solutions before implementation



SUBPART 242.12--NOVATION AND CHANGE-OF-NAME AGREEMENTS  
(Revised February 14, 2003)

# Current DFARS

**242.1203 Processing agreements.**

(b)(2)(A) For contracts awarded by the military departments, provide notices to the following addressees instead of individual contracting or contract administration offices—

- |      |  |
|------|--|
| Army | HQ, U.S. Army Material Command<br>ATTN: AMCCC-P<br>5001 Eisenhower Avenue<br>Alexandria, VA 22333-0001   |
| Navy | Office of the Assistant Secretary of the Navy<br>Research, Development & Acquisition<br>Acquisition Management<br>2211 South Clark Place, Room 578<br>Arlington, VA 22202-3738 |



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*(Revised February 14, 2004)*

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# New DFARS!

\* Notional Depiction Only\*





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#### **PGI 242.1203(b)(2)(A) Processing agreements.**

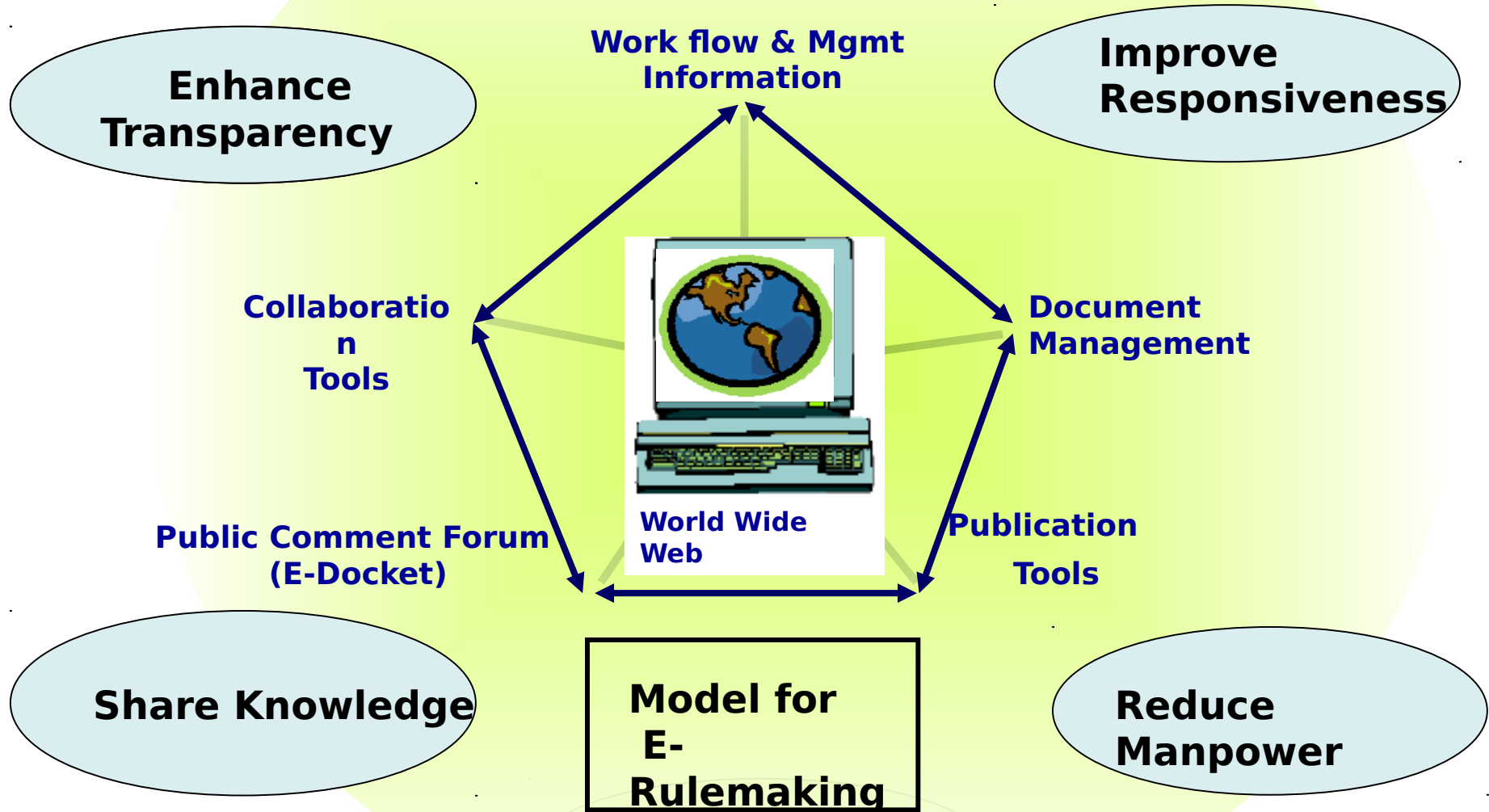
Provide notices to the following addressees instead of individual contracting or contract administration offices—

Army	HQ, U.S. Army Material Command ATTN: AMCCC-P5001 Eisenhower Avenue Alexandria, VA 22333-0001
Navy	Office of the Assistant Secretary of the Navy Research, Development & Acquisition Acquisition Management 2211 South Clark Place, Room 578 Arlington, VA 22202-3738
Air Force	HQ Air Force Materiel Command ATTN: HQ AFMC/CPK

\* Notional Depiction Only\*



# Technology



RFP in early CY 04



# ***Cases of Interest***



# ***DFARS Cases of Interest***

- Authorize provisional award fee payments
- Require unique item identification
- Prohibition on source inspections < \$250K
- Electronic payment
- Standard payment instructions
- 5 year limit on Task and Delivery Order Contracts (04 NDAA, Section 843)



# ***DFARS Transformation Summary***

- Comprehensive review of the regulation
  - Add value to achieving the mission
  - Demo approaches to procedures and guidance resource
- Transform DFARS rule making process
  - Better process = better product with value to the acquisition community
  - Improve responsiveness, effectiveness, transparency and simplicity
  - Create a value-based product (what, why and training on how)
- Exploit technology
  - Build an responsive acquisition rule making system
  - Create a forum for idea generation, publishing, collaboration, feedback, data, research, retrieval
  - Bring the PCO and the public to the rule-making table - early



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## WELCOME

The Deputy Director of Defense Procurement for Defense Acquisition Regulations is Mr. Ronald Poussard.

## MISSION

To develop procurement regulations in an efficient manner and enable the contracting officer to use best business solutions while maintaining public confidence in the procurement system.

## GOALS

- (1) Ensure changes to the FAR and DFARS provide maximum flexibility to the contracting officer within the constraints of the law, are written in plain language and are issued in a timely manner.
- (2) Ensure changes to the FAR and DFARS are more responsive to the needs of our customers, and our customers have a better understanding of the rule making process.
- (3) Ensure FAR and DFARS users have a greater awareness when changes to the FAR and DFARS are published.



# BACK-UPS



# Transformation Cases:

Case Number	Committee	Title	Date Opened
Cases at Committee - 42			
2003-D008	International Acquisition	(T)Part 225,Foreign Acquisition	6/11/2003
2003-D026	Govt Property/Plant Clearance	(T) Part 245,Government Property (Non-Complex Proposals Not Involving Transfer to the DoD Property Manual)	7/9/2003
2003-D029	Small Business	(T) Other Socioeconomic Programs	7/9/2003
2003-D033	Construction/A-E/Bonds	(T) Bonds	7/23/2003
2003-D034	Construction/A-E/Bonds	(T) Construction	7/23/2003
2003-D035	Construction/A-E/Bonds	(T) Architect Engineer Services	7/23/2003
2003-D044	Contract Placement	(T) Acquisition Planning	7/28/2003
2003-D041	Contract Services/A-76	(T) Specialized Service Contracting	7/30/2003
2003-D043	Contract Finance	(T) Contract Financing	7/30/2003
2003-D047	Small Business	(T) Small Business Programs	7/30/2003
2003-D039	Environmental	(T) Environment,Energy and Water Efficiency,Renewable Energy Technologies,Occupational Safety,and Drug-Free Workplace.	7/31/2003
2003-D049	Patents Data & Copyrights	(T) Patents,Data and Copyrights	7/31/2003
2003-D046	Contract Administration	(T)Part 249,Termination of Contracts	8/6/2003



# Transformation Cases:

Case Number	Committee	Title	Date Opened
2003-D051	Contract Administration	(T)Revisions to List of Contract Administration Functions	8/6/2003
2003-D052	Contract Administration	(T) Authorization of Mirror Contracts	8/6/2003
2003-D060	Small Business	(T) Clarify the Threshold for Small Business Specialist Review	8/6/2003
2003-D061	Small Business	(T) Small Business Reinvention Initiative Reporting Requirement	8/6/2003
2003-D068	Information Technology	(T) Acquisition of Information Technology	8/6/2003
2003-D071	Systems Acquisition	(T) Component Breakout	8/6/2003
2003-D072	Contract Placement	(T) Required Sources of Supplies and Services	8/6/2003
2003-D073	Contract Placement	(T) Describing Agency Needs	8/6/2003
2003-D075	Simplified Acquisition	(T)Simplified Acquisition Procedures	8/6/2003
2003-D076	Contract Placement	(T) Sealed Bidding	8/6/2003
2003-D077	Contract Placement	(T) Contracting by Negotiation	8/6/2003
2003-D078	Contract Placement	(T) Types of Contracts	8/6/2003
2003-D079	Contract Placement	(T)Special Contracting Methods	8/6/2003
2003-D080	Contract Placement	(T) Market Research	8/6/2003
2003-D082	Contract Administration	(T) Part 204,Administrative Matters Related to Contract Administration	8/13/2003
2003-D083	Contract Reporting	(T)Part 204 Administrative Matters Related to Contract Reporting	8/13/2003





# Transformation Cases:

Case Number	Committee	Title	Date Opened
2003-D085	Quality Assurance	(T) DFARS Appendix F,Material Inspection and Receiving Report	8/13/2003
2003-D053	Information Technology	(T)Updated Part 252.239 Clause Titles.	8/20/2003
2003-D054	Information Technology	(T)Update Information Technology (IT) Unique Procedures.	8/20/2003
2003-D055	Information Technology	(T)Clarify Utility Related Terms	8/20/2003
2003-D056	Information Technology	(T)Commucation Service Authorizations.	8/20/2003
2003-D062	Small Business	(T) Increase the Architect-Engineer (A&E) Small Business Services Set-Aside Threshold	8/20/2003
2003-D063	Small Business	(T) Small Business Competitiveness Demonstration Program ? Administrative Change	8/20/2003
2003-D064	Contract Placement	(T) Extend Limitation on Ordering Period for Orders Under Basic Ordering Agreements	8/20/2003
2003-D065	Contract Placement	(T) Remove Solicitation/Award Procedure Restrictions for Master Agreements for Repair and Alteration of Vessels (MARAVs)	8/20/2003
2003-D066	Contract Placement	(T) Remove Appendix E "DoD Spare Parts Breakout Program" from the DFARS	8/20/2003
2003-D086	Govt Property/Plant Clearance	(T)Part 245,Government Property (Non-Complex Proposals Involving Transfer to the DoD Property Manual)	8/28/2003



# Transformation Cases:

Case Number	Committee	Title	Date Opened
Cases at DAR Council - 13			
2003-D016	Contract Placement	(T) Publicizing Contract Actions	6/25/2003
2003-D024	Contract Administration	(T) Part 243,Contract Modifications	7/7/2003
2003-D025	Contract Administration	(T) Part 244,Subcontracting Policies and Procedures	7/9/2003
2003-D028	Transportation	(T) Part 247,Transportation	7/9/2003
2003-D030	Systems Acquisition	(T) Major System Acquisition	7/9/2003
2003-D048	Ad Hoc	(T) Extraordinary Contractual Actions	7/29/2003
2003-D042	Contract Services/A-76	(T) Service Contracting	7/30/2003
2003-D045	Contract Placement	(T) Part 251,Use of Government Sources by Contractors	8/6/2003
2003-D069	Utilities	(T) Acquisition of Utility Services	8/6/2003
2003-D057	Research and Development	(T)Raise Thresholds and Lower Approval Levels of Fixed-Price Research and Development Contracts.	8/20/2003
2003-D058	Research and Development	(T) Remove Obsolete Research and Development Streamlined Contracting Procedures.	8/20/2003
2003-D059	Simplified Acquisition	(T)Approval Levels for Micropurchases and Payments not via the Purchase Card	8/20/2003
2003-D017	Contract Placement	(T) Competitive Procurement	



# Transformation Cases:

Case Number	Committee	Title	Date Opened
Cases at DAR Staff Processing - 18			
2003-D009	Contract Finance	(T) Payment and Billing Instructions	6/13/2003
2003-D010	Ad Hoc	(T) Part 233,Protests,Disputes,and Appeals,and Appendix A	6/18/2003
2003-D011	Contract Placement	(T) Applicable Sections of Part 209,Contractor Qualifications,that Relate to Contract Placement	6/18/2003
2003-D012	Debarment Suspension & Business Ethics	(T) DFARS Part 203,Improper Business Practices and Organizational Conflicts of Interest,and Applicable Sections of Part 209,Contractor Qualifications,that Relate to Debarment,Suspension,and Business Ethics	6/18/2003
2003-D015	Cost Accounting Standards	(T) Cost Accounting Standards	7/9/2003
2003-D018	International Acquisition	(T)Laws Not Applicable to Commercial Subcontracts	7/9/2003
2003-D019	Labor	(T) Application of Labor Laws to Government Acquisitions	7/9/2003
2003-D021	International Acquisition	(T) Clarification of Statutory Restriction on Acquisition of Foreign Ball and Roller Bearings	7/9/2003
2003-D022	International Acquisition	(T) Berry Amendment - "De Minimus" Exception	7/9/2003
2003-D023	Contract Administration	(T) Part 242,Contract Administration and Audit Services	7/9/2003
2003-D027	Contract Administration	(T) Part 246,Contract Administration and Audit Services	7/9/2003



# Transformation Cases:

Case Number	Committee	Title	Date Opened
2003-D032	Taxes	(T) Taxes	7/23/2003
2003-D036	Cost Principles	(T) Cost Principles and Procedures	7/23/2003
2003-D037	Insurance	(T) Insurance	7/23/2003
2003-D038	Ad Hoc	(T) Protection of Privacy and Freedom of Information	7/29/2003
2003-D067	Research and Development	(T) Research and Development Contracting	8/6/2003
2003-D020	International Acquisition	(T) Application of Balance of Payment to DoD Acquisitions	

## Cases at OIRA - 1

2003-D081	Ad Hoc	(T) Unique Item Identifier	8/6/2003
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## Cases on Hold - 1

2003-D014	Pricing	(T) Contract Pricing	7/1/2003
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## Cases Out for Public Comment - 1

2002-D015	Contract Administration	(T) Production Surveillance and Reporting	6/17/2002
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## Final Rules Published - 2

	International	(T) Exception for Acquisitions of U.S. Made End Products in	
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